crores, as compared to a collection of Rs. 82539 crores in the corresponding period of previous year.

(b) The major reasons for lower collection are sluggish growth in import, reduction in duty on crude oil and petroleum products, lower growth in certain sectors of the economy resulting in reduced clearances of consumer goods and other excisable commodities, and increased amount of refunds in respect of direct taxes.

(c) No Sir.

(d) Does not arise.

**Liability of Government**

202. SHRI PREM CHAND GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the total liability of Government which consists of the internal borrowings external borrowings and amount utilised in Public Account as a reserve by Government has been continuously increasing for last several years and as a result, Government, find itself in a debt trap; and

(b) if so, what are the plans of Government to reduce such liabilities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) : (a) The total liability of the Government during the last 5 years was as follows:—

| Year | Total Liability | As a % age of GDP |
|---|---|---|
| 1997-1998 | 778294 | 51.1 |
| 1998-1999 | 891806 | 50.7 |
| 1999-2000 | 1021029 | 52.2 |
| 2000-2001 | 1163635 | 53.4 |
| 2001-2002 (BE) | 1315949 | 53.7 |

(b) Government has already taken several expenditure management measures. Government has also introduced a Bill titled "Fiscal Responsibility and Budget Management Bill" in Lok Sabha on 21st December, 2000. The Bill

provides, *inter alia*, for a legal and institutional framework to eliminate revenue deficit by 31.03.2006, reduce fiscal deficit for a year to not more than 2% of the estimated GDP for that year within a period of five years commencing 1.4.2001 and contain the growth of public debt as a proportion of GDP within a time-frame.

**CAG's remarks on fiscal deficit**

203. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the deteriorating finances of the Government in the nineties have pushed up effective interest rates by over 2.5 per cent from 8.02 per cent in 1990-91 to 10.61 per cent annually in 1999-2000;

(b) if so, whether the Comptroller and Auditor General has warned Centre on widening fiscal deficit;

(c) if so, what are the main warnings issued by the CAG;

(d) whether Government has examined all of them; and

(e) if so, what are the steps Government propose to take to meet the situation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) According to the Report of the Comptroller and Auditor General (CAG) of India on the Accounts of the Union Government (No. 1 of 2001), the effective interest rate on Government borrowing went up from 8.02 per cent in 1990-91 to 10.61 per cent in 1999-2000. As per the Report cited above, effective interest rate is the ratio of interest payment during the year to outstanding debt, including external debt at historical exchange rates, at the beginning of the financial year. The Report has expressed concern over the steady deterioration in the quality of fiscal deficit. Nearly sixty per cent of it is being used for current (revenue) expenditure. But even the remaining part gives little satisfaction as the capital expenditure financed by it gives returns much lower than the cost of borrowing.

(d) and (e) It is the constant endeavour of the Government to contain fiscal deficit of the Centre and a comprehensive legislation in this regard was introduced in the Lok Sabha in December 2000. The Fiscal Responsibility and Budget Management Bill, 2000, seeks, *inter alia*, to reduce the fiscal deficit. The Bill is currently before the Standing Committee of Finance.